



**Response to
TRAI Consultation Paper
on
Review of Voice Mail/Audiotex/Unified Messaging Services Licence
Released on June 14, 2016**

I. Preamble:

At the outset we thank TRAI for coming up with Paper on “**Review of Voice Mail /Audiotex /Unified Messaging Services Licence**”.

A. Need for review of licensing aspect of the Voice Mail /Audiotex /Unified Messaging Services:

1. The decision on licensing aspect of the Voice Mail /Audiotex /Unified Messaging Services was the need of the hour considering the recent incidences wherein certain new calling Apps and also some of the existing Voice Mail /Audiotex /Unified Messaging Services licensees are violating the Indian Telegraph Act and offering services without a license or are violating some of the key terms & conditions of the Voice Mail /Audiotex /Unified Messaging Services licence.
2. **Exploiting the arbitrage:** The modus operandi of these entities is that when a customer initiated a voice call through the said calling app, system captured both the calling and the called party number. This information is used to generate two simultaneous and distinct calls, one for the Called number and another for the Calling number, after which these calls are then conferenced. It is apparent that the infrastructure of these entities is based on fixed line services from one operator as it **provided these entities the benefit of nil termination charges to offer calls at much cheaper rates than the rates offered for voice calls by Mobile telecom service providers.**
3. **Revenue loss to TSPs:** These entities are also converting an outgoing call into an incoming call and therefore, depriving the access operators of their legitimate call charges and thus causing huge revenue loss to access operators which ultimately is resulting in lesser payout to exchequer in the form of reduced license fee on revenues.

Further, these type of Apps use fixed line/PRI's to outcall both calling and called customers hence even the payment of termination charge is also avoided.

4. **Violation of Audiotex Licensing terms:** These entities are offering the calling services under the Audiotex License and their services are in violation of the licensing terms contained in the said License as highlighted below:

- a. These entities are offering Point to Point conferencing service which clearly is outside the ambit of Audiotex License as stated in clause 30.6 of the Audiotex License reproduced below:

“30.6: Point to point conferencing and calling card facility shall not be provided by Voice Mail/Audiotex licensees.”

- b. This point to point conferencing is also extended by the entities to the international bridges by directly interconnecting at international locations. This activity is also ultra-vires as the Audiotex License specifies to obtain services from other telecom operators as is established by the following clauses:

“2.1: The Licensee shall be permitted to provide in its area of operation Voice Mail/Audiotex/Unified Messaging Service using MTNL/BSNL/Other Licensed Private Operators Network.”

“30.7: Dial out facility shall not be used in whatsoever manner for any illegal by pass of STD/ISD traffic of any licensed access service providers. Voice Mail/Audiotex licensee shall have to give undertaking in this regard.”

- c. **Acquiring /servicing customers outside the Licensed Area.** As per Audiotex License,
- i. the service area has to be confined to Short Distance Charging Area (SDCA) on the basis of local dialing and
 - ii. The services are restricted to be provided in the area of operation.

The relevant clauses of Audiotex licenses are as under:

Schedule 1

Schedule of Service Area.

“The Service Area for which this Licence is awarded is given below and shall be Short Distance Charging Area (SDCA) on the basis of local dialing.”

As per clause '9' of Annexure 1 under the head "Definitions of Terms and Expressions" the Service Area is defined as under:

"Service Area" defines the Short Distance Charging Area (SDCA) within which the Licensee may operate and offer the Services as given in Schedule "A".

The combined reading of the above license conditions thus, obligate upon the Audiotex Licensee to confine its subscribers/customers paying for the services within the licensed service areas.

5. **Security Risk:** Since the CDRs generated capture all such calls as Mobile Terminating (MT) calls from person 'C' (i.e. App), while the communication practically happened between person A and person B, hence it will not be possible to link these two calls together on the basis of generated CDRs to conclusively establish that actual conversation took place between person A and Person B. Thus, it creates a huge security threat wherein these occurrences of such calls cannot be traced back.
6. **Other Violations by the Voice Mail/Audiotex/ Unified Messaging Services licensee:**

- a. Clause 22.1 of the Audiotex License implies that if a company has taken resources / PRIs from more than one telecom service provider, the dial out facility will not be allowed:

"22.1: In case Voice Mail/Audiotex/ Unified Messaging Services licensee takes resources for the operation of the services from more than one telecom service provider, the dial out facility will not be permitted. In case the resources are taken by the Voice Mail/Audiotex/ Unified Messaging Service licensee from only one service provider the dial out facility will be permissible. However, for UMS licensee the dial out facility shall not be permitted"

In this regard, we would like to submit that there has been a recent instance wherein some of the Audiotex licensees were providing dial out services which is not permitted to them.

- b. **Indirect routing of the traffic by some of the Licensees:**

We understand that few Audiotex licensees are offering the functionality of switching by converting national free phone traffic into international free phone traffic by indirectly routing traffic outside India. The origination charge for international free phone traffic is under forbearance and is much higher than the charge for domestic free phone services. We suspect that some of the Voice Mail/Audiotex/ Unified Messaging Services licensees are making unlawful gains by way of carrying the international traffic and masking the same as national traffic. Thus access operators

are getting a much lesser share of call charge which in turn is also causing a loss to the exchequer by way of reduced license fee.

7. **Thus, keeping above in mind, we believe that there is need to review the license terms of the Voice Mail/Audiotex licensee license to strengthen the framework of the License. Further, stringent penalty provisions should be laid down in case of violation of licensing conditions, while providing such services.**

B. Terms and Conditions applicable for provision of Voice Mail/ Audiotex Services/UMS under the Basic Service License, Cellular Service License or UASL or UL licensee with Access Service authorization:

1. TRAI in the Consultation paper has highlighted that there is no mention of terms and conditions applicable for provision of Voice Mail and Audiotex Services under the Basic Service License or UASL or UL licensee with Access Service authorization. The guidelines for issue of license for Voice Mail/Audiotex/Unified Messaging Services dated 16th July 2001 may not be legally enforceable on the service providers providing these services under Basic Service License, Cellular Service Licence, UASL or UL.
2. In this regard, we would like to submit that necessary Terms and conditions with respect to the Voice Mail/ Audiotex Services/UMS need to be defined under the Basic Service License or UASL or UL licensee with Access Service authorization, so that there is no exploitation of these services to gain any type of arbitrage.
3. Currently, Voice Mail/ Audiotex Services/UMS can be provided under Basic, CMTS, UASL, UL (Access) while UMS can be provided by UL (ISP), ISP.

In light of the above we would like to make following suggestions to the Authority:

Our Suggestions:

1. There should not be any standalone licenses for Voice mail/Audiotex/UMS services. No need for a separate standalone audio conferencing service License.
2. Voice Mail/ Audiotex Services/UMS should be brought under the UL (Access Authorization).
3. All current licensing clauses prescribing service specific conditions/prohibitions related to Audiotex Services should be incorporated in the UL (Access Services) i.e.
 - Should not be allowed to give point to point conferencing and calling card facility.

- Should not be allowed Dial out facility in whatsoever manner for any illegal by pass of STD/ISD traffic of any licensed access service providers.
 - Should be mandated to adhere to call routing as per national routing plan issued by the Licensor w.r.t audio conferencing with prohibition on bridging or patching of calls under UL (Access service authorization).
4. With respect to the OTT players providing this type of service, regulatory equality principle of “same service same rule” should be adopted.
5. Terms and Conditions should be as per the UL (Access Service Authorisation)
- Area of operation: LSA based
 - Duration of license can be 20 years
 - License Fee : 8% of the AGR
 - Stringent penalty provisions in case of violation of licensing conditions
6. Migration from current Licence to the UL (Access Authorisation).
- There should be mandatory migration of the current Voice Mail/Audiotex/Unified Messaging Services licensee to the UL (Authorisation)
 - Same process in the form of application fee, non-refundable processing fee, non-refundable entry fee, minimum net worth and paid-up capital, performance bank guarantee, financial bank guarantee, etc. may be followed, as has been done for the UL (Access).

II. Query wise Response:

Q 1. *In view of the discussion in Para 2.13, is it necessary to have a separate standalone licence for Voice Mail Service? If so, why? Please provide detailed justification?*

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Q 2. *If the answer to the Q1 is in the affirmative, whether the existing technical specifications need to be revised or redefined? What should be the revised technical specifications?*

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Q 3. *In view of Para 2.17 and present technological developments, is it necessary to have a separate standalone licence for only Audiotex Service? If so, why? Please provide detailed justification?*

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Q 4. *If the answer to the Q3 is in the affirmative, whether the existing technical specifications need to be revised or redefined? What should be the revised technical specifications?*

COAI Comments:

1. At the outset, we would like to submit that there is no need for the standalone Voice mail License and Audiotex License. Further, the Voice Mail /Audiotex /Unified Messaging Services need to come under the Unified License (Access Authorisation). Our submissions in regard are as below:
 - a. As highlighted in the preamble there has been lot of incidents wherein current Audiotex licensees have violated their licencing terms and conditions by offering the calling services.
 - b. These entities are generating two simultaneous and distinct calls, one for the Called number and another for the Calling number, after which these calls are then conferenced, thus evading payment of termination charges.
 - c. These entities are converting an outgoing call into an incoming call and therefore, depriving the access operators of their legitimate call charges and causing huge revenue loss to access operators. The revenue loss to access operators is resulting in lesser payout to exchequer in the form of reduced license fee on revenues.

- d. The Voice mail and Audiotex services are offered under Voice Mail/Audiotex/UMS license or under Basic/Cellular/UASL/UL(access). In this regard, we would like to submit that while Basic/Cellular/UASL/UL(access) is subject to License fee, entry fee and other stringent license conditions, however there are no such conditions on the Voice Mail/Audiotex/UMS licensee. Thus, non-level playing field exists between the two types of licenses. Further, there is revenue loss to the exchequer as the Audiotex licensee is not paying any license fee for these services.
 - e. Some of these services are also run from different offshore locations which not only cause loss to the exchequer but also creates security hazard for the country.
 - f. With respect to the technical specification, it is submitted that the scope of service of current Audiotex license does not cover any audio conferencing service but the same has been included via a TEC specification. It may be appreciated that a TEC specification does not amount to any licensing condition and cannot change the service scope of license.
2. **In light of above, we are of the view that there should not be any standalone Voice mail License and Audiotex License and the same should be brought under UL (Access Authorisation). Further, all the current licensing clauses prescribing service specific conditions/prohibitions related to Audiotex Services should be incorporated in the UL (Access Authorisation).**

Q 5. Whether there is a need for standalone licence for providing Audio Conferencing Service? If yes, whether the technical specifications need to be explicitly defined? Please provide detailed justification?

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Q 6. If the answer to the Q5 is in the affirmative, what should be the technical specifications for providing Audio Conferencing Service?

COAI Comments:

- 1. We are of the view that there is no need for a separate standalone audio conferencing service License. Our submissions are as below:
 - a. We are of the view that creating separate standalone license only creates opportunities to resell telecom services and create arbitrage of the nature pointed out above.
 - b. In event of a standalone audio conference license, it will not be possible to differentiate between the conferencing service and normal switching architecture being provided by

licensee. Thus, it will not be possible to identify and avoid revenue bypass situation under this license.

- c. The standalone license for Audio Conferencing Service, similar to the current Audiotex license will encourage transfer of revenue to non-revenue sharing entities. As highlighted above the Audiotex license holders do not pay any revenue share to the exchequer whereas telecom service providers pay at the rate of 8% under UAS License/Unified License.
 - d. Some of the Audiotex licensees have been found to be servicing customers and services across the country and globe and offering services which are globally covered under Telecom licenses, though they are supposed to operate only in the SDCAs.
2. **In light of above, we are of the view that there should not be any standalone licenses for Voicemail/Audiotex/ Audio Conferencing services to ensure level playing field and in order to avoid any violation of licensing conditions.**

Q 7. Is it necessary to have a separate licence for Unified Messaging Service when holding an ISP licence is mandatory to provide the Unified Messaging Service and standalone ISP licensee is also allowed to provide Unified Messaging Service? If so, why? Please provide detailed justification?

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Q 8. If the answer to the Q7 is in the affirmative, whether the existing technical specifications need to be revised or redefined? What should be the revised technical specifications?

COAI Comments:

1. As suggested in the preamble, the Voice Mail /Audiotex /Unified Messaging Services will need to come under the Unified License through Authorisation, we do not believe that there is need for the standalone Unified Messaging Service.
2. Further, as highlighted in the paper there are only two entities providing the UMS as on date out of the sixty License holders. Hence, no need to have standalone license for the same.
3. The UMS services can be provided by any licensee holding Access service license including Unified License (Access or ISP authorizations) and ISPs.

Q 9. In case Voice Mail/Audiotex/Unified Messaging Service requires a licence should they be made a part of the Unified Licence as one of the services requiring authorisation? Please provide detailed justification?

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Q 10.If the answer to the Q9 is in the affirmative, what should be Service Area? Whether Service Area may be similar to the Service Area of ISP (National Area, Telecom Circle/Metro Area, Secondary Switching Area) to bring in uniformity among the Service Areas of different services? Please provide detailed justification?

COAI Comments:

1. As, suggested in the preamble we are of the view that Voice Mail/Audiotex/Unified Messaging Service should be made a part of the Unified Licence through Access Authorisation. UMS services can also be provided by a licensee holding Unified License (ISP authorization).
2. However, if TRAI still decides in favour of creating a separate authorization for offering such services under Unified Licence, then it should ensure that the terms for offering these services under different service authorizations under Unified Licence are uniform in all respects.

This is essential to maintain a level playing field and to prevent any regulatory arbitrage while offering similar services under different Authorizations. Additionally, existing UASL/UL (AS) operators should also be allowed to hold a separate authorization for offering these services under Unified Licence.

3. We are of the view that due to the advancement of technologies, these standalone licenses/services have now become redundant, prone to misuse and hence there should not be separate authorization under Unified License.
4. We recommend that the Unified license (Access Service Authorization) should be granted, with minimum authorization for **at least one LSA**.

Q 11.If Voice Mail/Audiotex/Unified Messaging Services is made a part of the Unified Licence as one of the services requiring authorisation, then what should be the Entry Fee?

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Q 12.Whether there should be any requirement for Minimum Net worth and Minimum Equity for Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

COAI Comments:

1. The Entry Fee, Minimum Net worth and Minimum Equity should be the same as that applicable under UL (Access Service Authorisation).

Q 13. The annual licence fee for all the services under UL as well as for existing UASL/CMTS/Basic Service/NLD/ILD/ISP licensees have been uniformly fixed at 8% of AGR since 1st April 2013. Whether it should be made same for Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence? If not, why?

COAI Comments:

1. Yes, the annual Licence fee should be same i.e. 8 % of AGR similar to the UL and other existing UASL/CMTS/Basic Service/NLD/ILD/ISP licensees.

Q 14. In case the answer to the Q13 is in the affirmative then what should be the definition of AGR for Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

COAI Comments:

1. The definition of AGR should be same for all licensees – i.e. include revenues only from licensed activities/services. We request that TRAI reiterate its Recommendations dated 6th January 2015 on “Definition of Revenue Base (AGR) for the Reckoning of Licence Fee and Spectrum Usage Charges”.
2. All revenues earned from subscribers through these services should be counted towards the revenue for the purpose of levy of license fee of 8%.

Q 15. What should be Performance Bank Guarantee, Financial Bank Guarantee and Application Processing Fee for Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

COAI Comments:

1. The Performance Bank Guarantee, Financial Bank Guarantee and Application Processing Fee for Voice Mail/Audiotex/Unified Messaging Services should be as under Unified Licence (Access Authorisation).

Q 16. Whether the duration of the licence with Voice Mail/Audiotex/Unified Messaging Services authorisation be made 20 years as in the other licence authorisations under Unified Licence? If not, why?

COAI Comments:

- 1. The duration of the license should be 20 years.

Q 17. What should be the terms and conditions for the migration of the existing Voice Mail/Audiotex/Unified Messaging Services licensees to Unified Licence?

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Q 18. Whether the existing Voice Mail/Audiotex/Unified Messaging Services licensees may be allowed to continue or it would be mandatory to migrate to the Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

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Q 19. What should be the annual licence fee for existing Voice Mail/Audiotex/Unified Messaging Services licensees who do not migrate to the Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

COAI Comments:

- 1. As, highlighted in the preamble we are of the view that there should be mandatory migration to the Voice Mail/Audiotex/Unified Messaging Services to UL (Access Authorisation).
- 2. If a standalone Voice Mail / Audiotex / Unified Messaging Service provider is not mandatorily migrated to a Unified Licence, then it will only escalate the non-level playing field between old and new licence holders due to differential terms on which they operate, for instance, non-levy of LF on standalone Voice Mail / Audiotex / Unified Messaging Service providers.

Q 20. Please give your comments on any related matter, not covered above.

No further Comments.
